

Questions & Answers on Electronic I Bonds and TreasuryDirect

Q. What are electronic I Bonds?

A. Electronic I Bonds, like their paper cousins, are accrual savings securities issued to holders of TreasuryDirect accounts in book-entry form. I Bonds earn interest according to a formula indexed to inflation. In most respects, their terms and conditions are the same as for the paper Series I Bonds issued since 1998. Payments for purchases and redemptions of electronic I Bonds are made by electronic funds transfer to and from a customer-designated account at a financial institution able to accept ACH debits and credits.

Q. How do you open a TreasuryDirect account?

A. All you need to do to open a TreasuryDirect account online is go to www.treasurydirect.gov and provide the specified information. You must be 18 years of age or older, provide your social security number, drivers license or state ID number and expiration date, birth date, bank routing and account number, e-mail address, postal address, and telephone number. A U.S. mailing address is required. You can open an account now and purchase securities anytime.

Q. What is different about electronic I Bonds?

A. While interest earnings and financial terms are the same as for paper I Bonds, the paperless I Bond offers investors greater flexibility and convenience. One significant difference is in the registration options available. While single owner and beneficiary forms remain the same, electronic I Bonds can be issued in primary, rather than co-owner, form with a secondary owner (A with B). Another difference is that ownership of an electronic I Bond can be transferred as a gift to any individual with a TreasuryDirect account, although such a transfer is a reportable event for tax purposes for the original owner.

Q. What are some benefits of buying electronic I Bonds in a TreasuryDirect account?

A. TreasuryDirect account holders can buy and manage their securities 24-hours a day, seven days a week from any computer with internet access. Account holders may purchase securities in increments of as little as a penny above a minimum \$25 initial purchase. Partial transfers or redemptions of holdings are also possible in minimum amounts of \$25. An account may be held open with no securities; however, if a security is held it must have a minimum redemption value of \$25. As a result, owners of electronic I Bonds have far more flexibility in dealing with their holdings than owners of paper bonds.

Q. What's the difference between TreasuryDirect and *TreasuryDirect*?

A. TreasuryDirect is a new account-based way to buy, hold and manage Treasury securities and is currently limited to electronic I Bonds. The *TreasuryDirect* you have heard about since the 1980's is the existing method for buying and holding marketable Treasury securities. *TreasuryDirect* account holders can continue to access their accounts by going to the TreasuryDirect.gov website and clicking on "Investor Services for Treasury Bills, Notes and Bonds."

Q. Where can I get more information?

A. More information about electronic I Bonds and TreasuryDirect can be found by going to the website www.treasurydirect.gov.

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